

Supervisory Statement | SS20/13

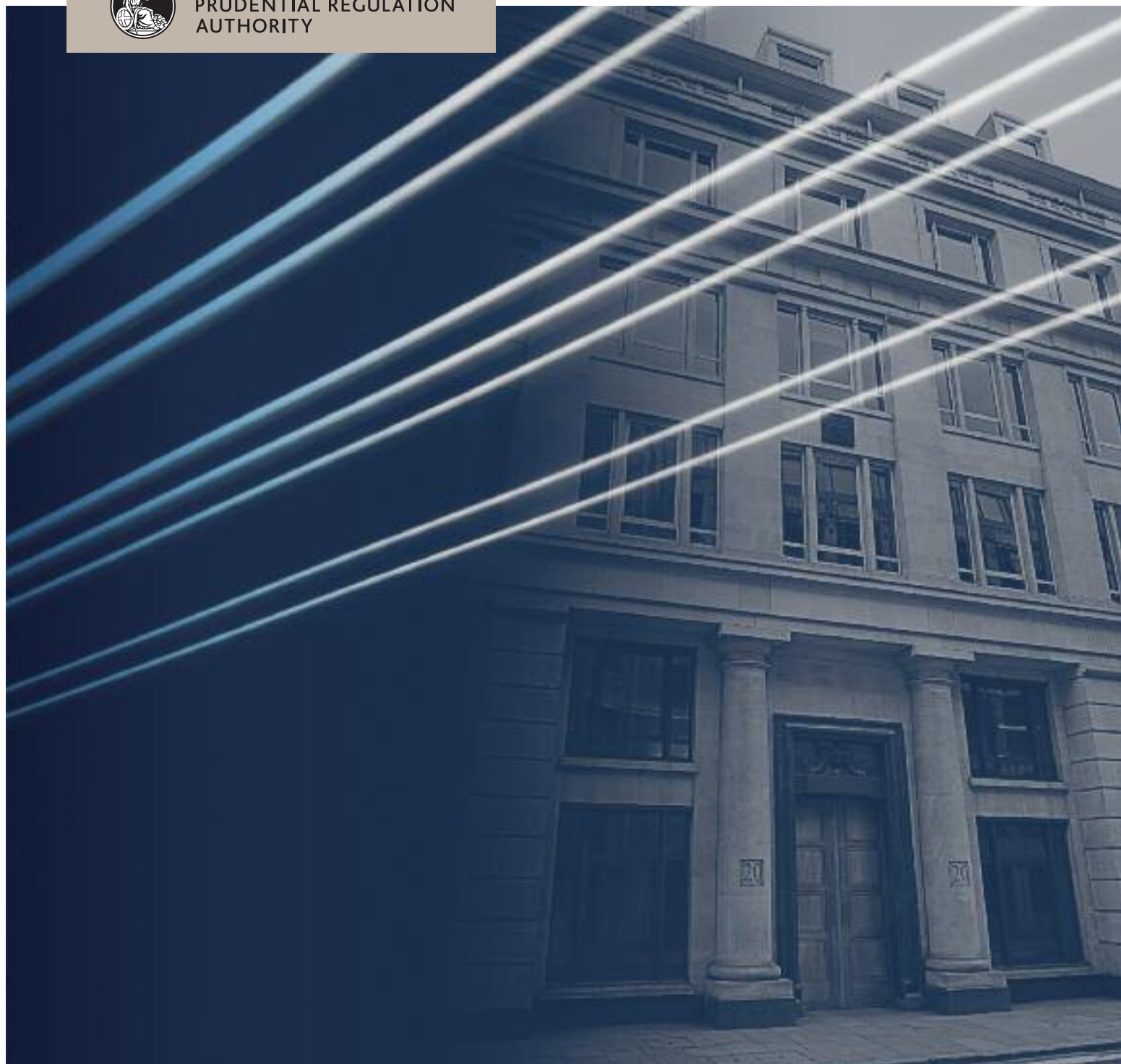
# Third country equivalence aspects of the credit risk provisions in the CRR, and recognised exchanges

December 2013

(Last updated 23 January 2015)



BANK OF ENGLAND  
PRUDENTIAL REGULATION  
AUTHORITY



28 April 2017 - this document has been updated, see  
<http://www.bankofengland.co.uk/pru/Pages/publications/ss/2017/ss2013update.aspx>

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## 1 Introduction

1.1 This Supervisory Statement sets out the approach of the Prudential Regulation Authority (PRA) in respect of the identification of recognised exchanges prior to the adoption by the European Commission of a European Securities and Markets Authority (ESMA) Implementing Technical Standard specifying the individual markets and exchanges that qualify as recognised exchanges under the Capital Requirements Regulation (CRR).

1.2 This Supervisory Statement supplements SS17/13 and is aimed at firms to which CRD IV applies.

## 2 Exposures to entities in third countries eligible for particular credit risk treatments during 2014

2.1 Update 23 January 2015. The part of SS20/13 dealing with third country equivalence aspects of the credit risk provisions in the CRR is no longer applicable with effect from 1 January 2015, and has been deleted. On 12 December 2014, the European Commission published a decision of binding effect as to which third countries apply supervisory and regulatory arrangements at least equivalent to those applied in the European Union. The decision came into effect on 1 January 2015 and is available on the Commission Implementing Acts webpage,<sup>(1)</sup> and has effect in place of the relevant part of SS20/13.

## 3 Recognised exchanges

3.1 The CRR defines the term 'recognised exchange'. This term is used in: the part of the CRR definitions of 'repurchase agreement' and 'repurchase agreement'; the criteria for determining own funds requirements for investment firms; and in determining aspects of collateral eligibility and collateral volatility adjustments. To qualify as a recognised exchange under the CRR, an exchange must, among other things, meet the definition of a 'regulated market' set out in Directive 2004/39/EC (the Markets in Financial Instruments Directive (MIFID)). The MIFID definition of a regulated market requires authorisation and functioning of that market in accordance with MIFID.

3.2 Until such time as the ESMA implementing technical standards specifying the list of recognised exchanges are adopted by the European Commission, the PRA considers the following to qualify as recognised exchanges under the CRR:

- ICE Futures Europe;
- BATS Europe Regulated Market;
- ICAP Securities and Derivatives Exchange — Main Board;

- NYSE Euronext London;
- London Stock Exchange — Regulated Market;
- The London International Financial Futures and Options Exchange (LIFFE);
- London Metal Exchange; and
- any other exchange that has been authorised by another EEA competent authority and has been found by that authority to meet the CRR definition of recognised exchange set out in CRR Article 4(1)(72).

(CRR Articles 4(1)(72), 4(1)(82), 96(1)(a), 197(4) and (8), 198(1) and 224)

(1) See [http://ec.europa.eu/finance/bank/regcapital/acts/implementing/index\\_en.htm](http://ec.europa.eu/finance/bank/regcapital/acts/implementing/index_en.htm).